

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Capital Projects

The City is currently improving its water/sewer and electrical systems, working on street projects and performing various new developments. These projects are being funded primarily by the issuance of bonds, both general obligation and special assessment.

Following is a summary of project – to – date costs to December 31, 2005 on the capital projects compared to the amount authorized:

	<u>Costs to Date</u>	<u>Amount Authorized</u>
Street improvements	\$ 1,774,854	\$ 17,005,400
Benefit districts	1,358,191	13,976,170
Sewer improvements	2,833,601	14,095,000
Water improvements	2,520,129	11,015,470
Electric improvements	6,479,805	8,000,000
	<u>\$ 14,966,580</u>	<u>\$ 64,092,040</u>

11 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2005 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2005	Outstanding December 31, 2005
General Obligation Bonds:					
Governmental activities:					
1998B refunding	4.0%-4.8%	\$ 519,800	9/1/2015	\$ 28,750	\$ 376,050
2002B refunding and improvement	2.0%-4.2%	210,000	9/1/2016	10,000	100,000
2003C refunding and improvement	1.5%-3.6%	2,821,000	10/1/2013	285,650	2,262,350
2004D refunding and improvement	3.5%-4.5%	830,000	10/1/2024	50,000	780,000
2005A improvement	3.1%-4.05%	3,355,000	10/1/2015	-	3,355,000
				<u>\$ 374,400</u>	<u>\$ 6,873,400</u>
Business-type activities:					
1998A improvement	4.1%-4.9%	1,415,000	9/1/2016	\$ 70,000	\$ 1,005,000
1998B refunding	4.0%-4.8%	1,740,200	9/1/2015	96,250	1,258,950
1999A improvement	4.3%-5.0%	2,270,000	9/1/2015	125,000	1,600,000
2001A refunding	3.5%-4.7%	8,925,000	11/1/2016	1,250,000	4,335,000
2002B refunding and improvement	2.0%-4.2%	4,650,000	9/1/2016	275,000	3,870,000
2003C refunding and improvement	1.5%-3.5%	329,000	10/1/2012	49,350	232,650
2004A improvement	2.25%-3.3%	1,710,000	10/1/2013	155,000	1,385,000
2004D refunding and improvement	3.5%-3.85%	495,000	10/1/2014	35,000	460,000
2005A improvement	3.1%-4.05%	1,320,000	10/1/2015	-	1,320,000
				<u>\$ 2,055,600</u>	<u>\$ 15,466,600</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Amortization of Long-Term Debt

The future annual requirements for general obligation bonds outstanding as of December 31, 2005 are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2006	\$ 660,550	\$ 255,795	\$ 2,279,450	\$ 605,502
2007	685,200	225,041	2,379,800	522,723
2008	708,700	203,362	2,421,300	435,664
2009	697,500	180,710	1,287,500	344,096
2010	685,350	156,986	1,084,650	295,638
2011 - 2015	3,091,100	408,003	5,483,900	802,130
2016 - 2020	175,000	60,590	530,000	23,065
2021 - 2025	170,000	19,535	-	-
	<u>\$ 6,873,400</u>	<u>\$ 1,510,022</u>	<u>\$ 15,466,600</u>	<u>\$ 3,028,818</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11 - Long-Term Debt (Continued)

Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2005 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2005	Outstanding December 31, 2005
Special Assessment Bonds:					
Governmental activities:					
2001A refunding	3.5%-4.6%	\$ 875,000	11/1/2016	\$ 50,000	\$ 695,000
2002B refunding and improvement	2.0%-4.2%	100,000	9/1/2016	10,000	50,000
2003C refunding and improvement	1.5%-4.4%	670,000	10/1/2018	50,000	570,000
2004D refunding and improvement	3.5%-4.1%	1,835,000	10/1/2019	115,000	1,720,000
				<u>\$ 225,000</u>	<u>\$ 3,035,000</u>

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

Amortization of Long-Term Debt

Annual debt service requirements to maturity for special assessment bonds are as follows:

	Governmental activities	
	Principal	Interest
2006	\$ 245,000	\$ 115,224
2007	255,000	108,033
2008	255,000	99,265
2009	265,000	89,279
2010	280,000	79,378
2011-2015	1,285,000	238,407
2016-2020	450,000	40,880
	<u>\$ 3,035,000</u>	<u>\$ 770,466</u>

Construction Loan Payable

In connection with the Clean Water Capitalization Grant, a construction loan payable in the amount of \$ 20,285,005 was recorded at December 31, 2003.

The project was completed in 2004. Payments of \$ 667,633 were made during the current year, leaving a balance of \$ 18,976,298 at December 31, 2005. Payments are due semi-annually and the loan is being amortized over 20 years at an interest rate of approximately 3.5%.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

The future annual requirements for the construction loan payable are as follows:

	Principal	Interest
2006	\$ 690,924	\$ 667,061
2007	825,443	641,432
2008	854,920	611,955
2009	885,450	581,425
2010	917,070	549,805
2011 - 2015	5,774,392	2,193,003
2016 - 2020	7,387,064	1,039,437
2021 - 2025	1,641,035	44,223
	\$ 18,976,298	\$ 6,328,341

PBC Lease Revenue Bonds

The PBC has issued \$ 4,000,000 of Public Building Commission lease revenue bonds series 2002A with interest rates ranging from 3% to 4.7% and with a final maturity in 2021. Principal payments are scheduled annually ranging from \$ 65,000 to \$ 505,000.

Future maturities of the PBC lease revenue bonds are as follows:

Year	Principal	Interest	Total
2006	\$ 65,000	\$ 173,190	\$ 238,190
2007	80,000	171,077	251,077
2008	100,000	167,878	267,878
2009	115,000	163,878	278,878
2010	135,000	159,277	294,277
2011-2015	1,045,000	690,238	1,735,238
2016-2020	1,860,000	394,462	2,254,462
2021-2025	505,000	23,735	528,735
	\$ 3,905,000	\$ 1,943,735	\$ 5,848,735

On August 1, 2002, the City entered into an irrevocable lease agreement with the PBC. The purpose of the lease agreement is for the City to rent the building financed by the PBC Lease Revenue Bonds, Series 2002A. The rental payments are the same as the scheduled 2002A debt payments.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

Capital Leases

The City has entered into the following capital lease:

	<u>Wheel Loader</u>
Cost	\$ 81,925
Accumulated depreciation at December 31, 2005	20,481
Interest rate	3.51%
Dated	03/07/03
Term	4 years

The annual debt service requirements for the capital lease to be paid with governmental funds at December 31, 2005 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 9,646	\$ 1,614	\$ 11,260
2007	9,990	1,270	11,260
2008	34,776	224	35,000
	<u>\$ 54,412</u>	<u>\$ 3,108</u>	<u>\$ 57,520</u>

2005 amortization of \$ 8,193 on this asset acquired through a capital lease has been included in depreciation expense in the governmental activities.

Legal Debt Margin

The City is subject to Kansas statutes which limit the amount of net bonded debt (exclusive of revenue, utility and refunding bonds) the City may have outstanding to 30% of the current assessed valuation of property. At December 31, 2005, the assessed valuation including motor vehicles was \$ 112,661,984. The statutory limit was \$ 33,798,595 which, after reduction for outstanding eligible general obligation bonds totaling \$ 14,375,447 less \$ 258,152 available in the debt service fund, leaves a legal debt margin of \$ 19,681,300.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,892,800	\$ 3,355,000	\$ 374,400	\$ 6,873,400	\$ 660,550
Special assessment debt with government commitment	3,260,000	-	225,000	3,035,000	245,000
PBC revenue bonds	3,960,000	-	55,000	3,905,000	65,000
Capital lease obligations	94,749	-	40,337	54,412	9,646
Compensated absences	151,190	163,677	166,767	148,100	148,100
Governmental activities long- term liabilities	\$ 11,358,739	\$ 3,518,677	\$ 861,504	\$ 14,015,912	\$ 1,128,296
Business-type activities:					
General obligation bonds	\$ 16,202,200	\$ 1,320,000	\$ 2,055,600	\$ 15,466,600	\$ 2,279,450
Construction loan payable	19,643,931	-	667,633	18,976,298	690,924
Less deferred amounts:					
Issuance premiums	81,268	-	6,868	74,400	-
Refunding difference	(72,976)	6,210	-	(66,766)	-
Total	35,854,423	1,326,210	2,730,101	34,450,532	2,970,374
Compensated absences	50,142	78,738	70,217	58,663	58,663
Business-type activities long- term liabilities	\$ 35,904,565	\$ 1,404,948	\$ 2,800,318	\$ 34,509,195	\$ 3,029,037
Component unit:					
Loan payable to primary government	\$ 57,501	\$ -	\$ 22,718	\$ 34,783	\$ 23,344

For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Bond Anticipation Notes Payable

The City issues bond anticipation notes to provide temporary financing for capital improvement projects. Bond anticipation notes payable at December 31, 2005 were as follows:

Issue	Original Amount		Interest Rate	Maturity Date
2004E	\$	15,505,000	3.00%	10/1/2006
2005C		5,540,000	3.50%	10/1/2007
	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bond anticipation notes	\$ 10,817,768	\$ 5,540,000	\$ 4,715,000	\$ 11,642,768
Business-type activities:				
Bond anticipation notes	\$ 11,622,232	\$ -	\$ 3,145,000	\$ 8,477,232

13 - Temporary Notes

During the year ended December 31, 2005, the City issued temporary notes to temporarily finance the cost of certain internal improvements. The amount outstanding as of December 31, 2005 was \$ 7,447,000. The temporary notes were internally issued and purchased and therefore eliminated for financial statement purposes.

14 - Special Assessments

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2005, the special assessment taxes levied are a lien on the property and are recorded as a special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue. Special assessments receivable at December 31, 2005 was \$ 3,111,048.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

15 - Interfund Transactions

Interfund transfers for the year ended December 31, 2005 consisted of the following:

Transfers to nonmajor governmental funds from:

General fund	\$ 425,000
Nonmajor governmental funds	368,361
Water fund	60,000
Wastewater fund	60,000
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	\$ 913,361
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Transfers to general fund from:

Electric fund	\$ 884,000
Water fund	244,800
Wastewater fund	192,400
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	\$ 1,321,200
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Transfers to debt service fund from:

General fund	\$ 651
Nonmajor governmental funds	14,848
Electric fund	15,049
Water fund	15,049
Wastewater fund	15,049
Street Improvement fund	329,809
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	\$ 390,455
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Transfer to electric fund from:

Wastewater fund	\$ 2,142
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Transfer to water fund from:

Debt Service fund	\$ 20,028
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CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

15 - Interfund Transactions (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Due to and due from other funds are reported in the financial statements as follows:

Amounts owed from nonmajor governmental funds to:

Nonmajor governmental funds	\$ 2,231,688
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Amounts owed from wastewater fund to:

Electric fund	\$ 27,556
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The outstanding balances between nonmajor governmental funds were created to eliminate negative cash balances in the payable funds due to project payment timing.

The outstanding balance between proprietary funds was created to reflect the balance owed for services provided.

16 - Commitments and Contingencies

Litigation

The City is involved in various lawsuits incurred through normal operations. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

CITY OF GARDNER, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

16 - Commitments and Contingencies (Continued)

Industrial Revenue Bonds

The City has issued an industrial revenue bond to finance the purchase of land and construction of a facility leased to a local business. The lease agreement provides for rentals sufficient to service the related bonds. The debt service on this issue is paid solely from lease agreements; this issue does not constitute a debt of the City. The lessee has the option of purchasing the leased property at any time during the lease period for an amount sufficient to retire the related outstanding bond. At the end of the lease period, which conforms to bond maturity schedules, the lessee may either purchase the property for a nominal amount or renew the lease annually at a nominal amount. As of December 31, 2005, industrial revenue bonds of \$ 3,500,000 are outstanding.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Special Highway Fund – This fund is used to account for county/city revenue sharing of a portion of the State's motor fuel tax. These revenues are restricted to the construction and maintenance of streets, the repair and replacement of curbs, and the repair and construction of sidewalks within the City's boundaries.

Special Parks and Recreation Fund – This fund is used to account for special alcohol liquor tax revenues that are restricted to expenditures for the purchase, establishment, maintenance, or expansion of park and recreational services, programs, and facilities.

Special Alcohol/Drug Program Fund – This fund is used to account for special alcohol liquor tax revenues that are restricted for the purpose of funding programs for the education, treatment, and intervention of alcohol and drug abuse.

Economic Development Reserve Fund – This fund is used to account for transient guest tax revenues that are restricted for the purpose of convention and tourism promotion.

Risk Management Reserve Fund – This fund is used to account for monies that the City may transfer from other funds to cover any risk that would otherwise be insurable, such as deductibles, etc.

Law Enforcement Trust Fund – This fund is used to account for monies received through the process of law enforcement-related seizures and forfeitures and is restricted for additional law enforcement and prosecutorial purposes as the county or district attorney or other governmental agency's attorney deems appropriate, including educational purposes.

Equipment Reserve Fund – This fund is used to account for monies that the City may transfer from time to time from other funds to finance the acquisition of equipment.

Capital Improvement Reserve Fund – This fund is used to account for monies that the City may transfer from time to time from other funds to finance multi-year capital projects.

Park Improvement Reserve Fund – This fund is used to account for impact fees assessed by the City on every new building permit and is restricted for the purpose of park improvements and park land purchases necessitated by the City's new development growth.

Airport Fund – This fund is used to account for receipt of loan payments for a loan the City made in 2002 to the Airport Association component unit for airport improvements.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The funds listed below are used to account for the construction of various capital projects as identified by the name of each fund:

City Hall Fund	Shean's Crossing Fund
Cedar Street Fund	Airport Hangars Fund
North Moonlight Fund	New Century Fund
South Moonlight Fund	Public Works Facility Fund
167 th Street Fund	175 th & Moonlight Intersection Fund
Waverly Street Fund	University Park Fund
183 rd Street Fund	Kill Creek Drive/Waterline
Lincoln Lane Fund	Center Street Commons
Moonlight & Main Fund	Kill Creek Sewer

CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	Special Revenue					Risk
	Special Highway	Special Parks and Recreation	Special Alcohol/Drug Program	Economic Development Reserve	Management Reserve	
<u>ASSETS</u>						
Deposits and investments	\$ 82,343	\$ 7,684	\$ 12,446	\$ 96,744	\$ 121,327	
Receivables:						
Taxes	-	-	-	8,478	-	
Intergovernmental	128,888	-	-	-	-	
Other	-	-	-	-	-	
Due from other funds	-	-	-	-	-	
Total assets	\$ 211,231	\$ 7,684	\$ 12,446	\$ 105,222	\$ 121,327	
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 467	\$ -	
Temporary notes payable	-	-	-	-	-	
Due to other funds	-	-	-	-	-	
Total liabilities	-	-	-	467	-	
Fund balances:						
Unreserved, undesignated	211,231	7,684	12,446	104,755	121,327	
Total liabilities and fund balances	\$ 211,231	\$ 7,684	\$ 12,446	\$ 105,222	\$ 121,327	

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CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	Special Revenue					
	Law Enforcement Trust	Equipment Reserve	Capital Improvement Reserve	Park Improvement Reserve	Airport	Total
<u>ASSETS</u>						
Deposits and investments	\$ -	\$ 2,068	\$ 717,596	\$ 27,027	\$ -	\$ 1,067,235
Receivables:						
Taxes	-	-	-	-	-	8,478
Intergovernmental	-	-	-	43,749	-	172,637
Other	-	-	1,738	-	34,783	36,521
Due from other funds	-	-	27,634	-	-	27,634
Total assets	\$ -	\$ 2,068	\$ 746,968	\$ 70,776	\$ 34,783	\$ 1,312,505
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 4,301	\$ 4,762	\$ -	\$ 9,530
Temporary notes payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	27,634	27,634
Total liabilities	-	-	4,301	4,762	27,634	37,164
Fund balances:						
Unreserved, undesignated	-	2,068	742,667	66,014	7,149	1,275,341
Total liabilities and fund balances	\$ -	\$ 2,068	\$ 746,968	\$ 70,776	\$ 34,783	\$ 1,312,505

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CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	Capital Projects					
	City Hall	Cedar Street	North Moonlight	South Moonlight	167th Street	Waverly Street
						183rd Street
<u>ASSETS</u>						
Deposits and investments	\$ 38,844	\$ 32,158	\$ -	\$ 142,084	\$ -	\$ 125,402
Receivables:						\$ 61,097
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 38,844	\$ 32,158	\$ -	\$ 142,084	\$ -	\$ 125,402
						\$ 61,097
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 24,916	\$ -	\$ 2,132	\$ -
Temporary notes payable	-	-	-	-	-	-
Due to other funds	-	-	12,792	-	218,960	-
Total liabilities	-	-	37,708	-	221,092	-
Fund balances:						
Unreserved, undesignated	38,844	32,158	(37,708)	142,084	(221,092)	61,097
Total liabilities and fund balances	\$ 38,844	\$ 32,158	\$ -	\$ 142,084	\$ -	\$ 125,402
						\$ 61,097

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CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	Capital Projects					
	Lincoln Lane	Moonlight & Main	Shean's Crossing	Airport Hangars	New Century	Public Works Facility
Deposits and investments						
Receivables:						
Taxes	-	-	9,231	30,173	-	282,373
Intergovernmental	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 9,231	\$ 30,173	\$ -	\$ 282,373
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,189	\$ 2,400	\$ -	\$ -	\$ -	-
Temporary notes payable	-	-	-	-	-	-
Due to other funds	126,891	89,099	-	-	1,704,551	-
Total liabilities	129,080	91,499	-	-	1,704,551	-
Fund balances:						
Unreserved, undesignated	(129,080)	(91,499)	9,231	30,173	(1,704,551)	282,373
Total liabilities and fund balances	\$ -	\$ -	\$ 9,231	\$ 30,173	\$ -	\$ 282,373

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CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	175th & Moonlight Intersection	Capital Projects				Total Nonmajor Governmental Funds
		University Park	Kill Creek Drive/ Waterline	Center Street Commons	Kill Creek Sewer	
	\$ 2,335,265	\$ 434,989	\$ 1,665,993	\$ -	\$ 3,110,705	\$ 8,268,314
Deposits and investments						\$ 9,335,549
Receivables:						
Taxes	-	-	-	-	-	8,478
Intergovernmental	-	-	-	-	-	172,637
Other	-	-	-	-	-	36,521
Due from other funds	447,742	1,756,312	-	-	-	2,231,688
Total assets	\$ 2,783,007	\$ 2,191,301	\$ 1,665,993	\$ -	\$ 3,110,705	\$ 11,784,873
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ 4,455	\$ 4,237	\$ -	\$ 85,480	\$ 135,339
Temporary notes payable	2,976,960	3,125,808	2,420,980	-	3,119,020	11,642,768
Due to other funds	-	-	-	51,761	-	2,204,054
Total liabilities	2,976,960	3,130,263	2,425,217	51,761	3,204,500	14,009,795
Fund balances:						
Unreserved, undesignated	(193,953)	(938,962)	(759,224)	(51,761)	(93,795)	(2,224,922)
Total liabilities and fund balances	\$ 2,783,007	\$ 2,191,301	\$ 1,665,993	\$ -	\$ 3,110,705	\$ 11,784,873

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2005

	Special Revenue				
	Special Highway	Special Parks and Recreation	Special Alcohol/Drug Program	Economic Development Reserve	Risk Management Reserve
Revenues:					
Intergovernmental	\$ 369,186	\$ 16,750	\$ 16,749	\$ 34,338	\$ -
Licenses and permits	-	-	-	-	-
Investment earnings	3,959	88	170	2,499	-
Other	-	-	-	1,500	-
Total revenues	373,145	16,838	16,919	38,337	-
Expenditures:					
Current:					
General government	-	-	16,000	60,268	15,036
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	319,055	19,963	-	-	-
Debt service:	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	319,055	19,963	16,000	60,268	15,036
Excess of revenues over (under) expenditures	54,090	(3,125)	919	(21,931)	(15,036)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(29,709)	-	-	-	-
Total other financing sources (uses)	(29,709)	-	-	-	-
Net change in fund balances	24,381	(3,125)	919	(21,931)	(15,036)
Fund balances, beginning of year	186,850	10,809	11,527	126,686	136,363
Fund balances, end of year	\$ 211,231	\$ 7,684	\$ 12,446	\$ 104,755	\$ 121,327

(Continued)

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2005

	Law Enforcement Trust	Special Revenue					Total
		Equipment Reserve	Capital Improvement Reserve	Park Improvement Reserve	Airport		
Revenues:							
Intergovernmental	\$ -	\$ -	\$ 216,007	\$ 239,042	\$ -	\$ -	\$ 892,072
Licenses and permits	-	-	-	257,528	-	-	257,528
Investment earnings	3	68	11,124	3,548	-	-	21,459
Other	75	-	-	235	1,282	-	3,092
Total revenues	78	68	227,131	500,353	1,282	-	1,174,151
Expenditures:							
Current:							
General government	-	-	-	-	-	-	91,304
Public safety	78	-	-	-	-	-	78
Culture and recreation	-	-	-	4,762	-	-	4,762
Capital outlay	-	4,099	1,025,629	611,847	-	-	1,980,593
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	78	4,099	1,025,629	616,609	-	-	2,076,737
Excess of revenues over (under) expenditures	-	(4,031)	(798,498)	(116,256)	1,282	-	(902,586)
Other financing sources (uses):							
Transfers in	-	-	793,361	-	-	-	793,361
Transfers out	-	-	-	(353,500)	-	-	(383,209)
Total other financing sources (uses)	-	-	793,361	(353,500)	-	-	410,152
Net change in fund balances	-	(4,031)	(5,137)	(469,756)	1,282	-	(492,434)
Fund balances, beginning of year	-	6,099	747,804	535,770	5,867	-	1,767,775
Fund balances, end of year	-	\$ 2,068	\$ 742,667	\$ 66,014	\$ 7,149	\$ -	\$ 1,275,341

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CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2005

	Capital Projects						
	City Hall	Cedar Street	North Moonlight	South Moonlight	167th Street	Waverly Street	183rd Street
Revenues:							
Intergovernmental	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Investment earnings	883	869	1,509	3,840	-	3,389	1,651
Other	-	-	-	-	-	-	-
Total revenues	883	869	1,509	3,840	-	3,389	1,651
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	14,663	-	110,197	-	221,092	-	-
Debt service:							
Interest and fiscal charges	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	14,663	-	110,197	-	221,092	-	-
Excess of revenues over (under) expenditures	(13,780)	869	(108,688)	3,840	(221,092)	3,389	1,651
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	(13,780)	869	(108,688)	3,840	(221,092)	3,389	1,651
Fund balances, beginning of year	52,624	31,289	70,980	138,244	-	122,013	59,446
Fund balances, end of year	\$ 38,844	\$ 32,158	\$ (37,708)	\$ 142,084	\$ (221,092)	\$ 125,402	\$ 61,097

(Continued)

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2005

	Capital Projects					
	Lincoln Lane	Moonlight & Main	Shear's Crossing	Airport Hangars	New Century	Public Works Facility
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	-	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Investment earnings	914	-	426	816	64,580	7,632
Other	-	-	-	-	-	-
Total revenues	914	-	426	816	64,580	7,632
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	217,169	4,359	65,062	-	1,364,935	-
Debt service:						
Interest and fiscal charges	-	-	-	-	65,250	-
Other	-	-	-	-	4,462	-
Total expenditures	217,169	4,359	65,062	-	1,434,647	-
Excess of revenues over (under) expenditures	(216,255)	(4,359)	(64,636)	816	(1,370,067)	7,632
Other financing sources (uses):						
Transfers in	-	-	-	-	120,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	120,000	-
Net change in fund balances	(216,255)	(4,359)	(64,636)	816	(1,250,067)	7,632
Fund balances, beginning of year	87,175	(87,140)	73,867	29,357	(454,484)	274,741
Fund balances, end of year	\$ (129,080)	\$ (91,499)	\$ 9,231	\$ 30,173	\$ (1,704,551)	\$ 282,373
(Continued)						

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CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Continued)

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2005

	175th & Moonlight Intersection	University Park	Kill Creek Drive/Waterline	Center Street Commons	Kill Creek Sewer	Total	Total Nonmajor Governmental Funds
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 892,072
Licenses and permits	-	-	-	-	-	-	257,528
Investment earnings	80,825	70,943	4,157	-	5,358	247,792	269,251
Other	-	-	-	-	-	-	3,092
Total revenues	80,825	70,943	4,157	-	5,358	247,792	1,421,943
Expenditures:							
Current:							
General government	-	-	-	-	-	-	91,304
Public safety	-	-	-	-	-	-	78
Culture and recreation	-	-	-	-	-	-	4,762
Capital outlay	82,969	701,484	748,564	51,761	80,000	3,662,255	5,642,848
Debt service:							
Interest and fiscal charges	100,720	105,756	-	-	-	271,726	271,726
Other	-	-	14,817	-	19,153	38,432	38,432
Total expenditures	183,689	807,240	763,381	51,761	99,153	3,972,413	6,049,150
Excess of revenues over (under) expenditures	(102,864)	(736,297)	(759,224)	(51,761)	(93,795)	(3,724,621)	(4,627,207)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	120,000	913,361
Transfers out	-	-	-	-	-	-	(383,209)
Total other financing sources (uses)	-	-	-	-	-	120,000	530,152
Net change in fund balances	(102,864)	(736,297)	(759,224)	(51,761)	(93,795)	(3,604,621)	(4,097,055)
Fund balances, beginning of year	(91,089)	(202,665)	-	-	-	104,358	1,872,133
Fund balances, end of year	\$ (193,953)	\$ (938,962)	\$ (759,224)	\$ (51,761)	\$ (93,795)	\$ (3,500,263)	\$ (2,224,922)

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 289,388	\$ 294,372	\$ 4,984
Special assessment	394,900	298,989	(95,911)
Investment earnings	2,300	13,861	11,561
Other	-	72,887	72,887
Total revenues	686,588	680,109	(6,479)
Expenditures:			
Principal	1,252,000	654,400	597,600
Interest	-	450,209	(450,209)
Other	-	1,400	(1,400)
Total expenditures	1,252,000	1,106,009	145,991
Excess (deficit) of revenues over (under) expenditures	(565,412)	(425,900)	139,512
Other financing sources (uses):			
Transfers in	315,000	390,455	75,455
Transfers out	-	(20,028)	(20,028)
Total other financing sources (uses)	315,000	370,427	55,427
Net change in fund balances	(250,412)	(55,473)	194,939
Fund balances, beginning of year	250,412	313,625	63,213
Fund balances, end of year	\$ -	\$ 258,152	\$ 258,152

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

SPECIAL HIGHWAY FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
State gasoline tax	\$ 330,200	\$ 369,186	\$ 38,986
Investment earnings	2,800	3,959	1,159
Total revenues	333,000	373,145	40,145
Expenditures:			
Project reserve	164,525	-	164,525
Capital outlay	375,000	319,055	55,945
Total expenditures	539,525	319,055	220,470
Excess (deficit) of revenues over (under) expenditures	(206,525)	54,090	260,615
Other financing uses:			
Transfers out	(14,000)	(29,709)	(15,709)
Net change in fund balances	(220,525)	24,381	244,906
Fund balances, beginning of year	220,525	186,850	(33,675)
Fund balances, end of year	\$ -	\$ 211,231	\$ 211,231

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Special alcohol tax	\$ 16,700	\$ 16,750	\$ 50
Investment earnings	100	88	(12)
Total revenues	16,800	16,838	38
Expenditures:			
Contractual services	5,000	-	5,000
Capital outlay	17,020	19,963	(2,943)
Total expenditures	22,020	19,963	2,057
Net change in fund balances	(5,220)	(3,125)	2,095
Fund balances, beginning of year	5,220	10,809	5,589
Fund balances, end of year	\$ -	\$ 7,684	\$ 7,684

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

SPECIAL ALCOHOL/DRUG PROGRAM FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Special alcohol tax	\$ 16,700	\$ 16,749	\$ 49
Investment earnings	-	170	170
Total revenues	16,700	16,919	219
Expenditures:			
Project reserve	753	-	753
Contractual services	16,000	16,000	-
Total expenditures	16,753	16,000	753
Net change in fund balances	(53)	919	972
Fund balances, beginning of year	53	11,527	11,474
Fund balances, end of year	\$ -	\$ 12,446	\$ 12,446

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

ECONOMIC DEVELOPMENT RESERVE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Transient guest tax	\$ 31,500	\$ 34,338	\$ 2,838
Investment earnings	1,700	2,499	799
Other	-	1,500	1,500
Total revenues	33,200	38,337	5,137
Expenditures:			
Project reserve	109,584	-	109,584
Commodities	-	3,410	(3,410)
Contractual services	46,900	56,858	(9,958)
Total expenditures	156,484	60,268	96,216
Net change in fund balances	(123,284)	(21,931)	101,353
Fund balances, beginning of year	123,284	126,686	3,402
Fund balances, end of year	\$ -	\$ 104,755	\$ 104,755

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

RISK MANAGEMENT RESERVE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 2,000	\$ -	\$ (2,000)
Expenditures:			
Contractual services	145,763	15,036	130,727
Net change in fund balances	(143,763)	(15,036)	128,727
Fund balances, beginning of year	143,763	136,363	(7,400)
Fund balances, end of year	\$ -	\$ 121,327	\$ 121,327

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

LAW ENFORCEMENT TRUST FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 3	\$ 3
Other	-	75	75
Total revenues	-	78	78
Expenditures:			
Capital outlay	596	78	518
Net change in fund balances	(596)	-	596
Fund balances, beginning of year	596	-	(596)
Fund balances, end of year	\$ -	\$ -	\$ -

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

EQUIPMENT RESERVE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 68	\$ 68
Expenditures:			
Capital outlay	24,861	4,099	20,762
Net change in fund balances	(24,861)	(4,031)	20,830
Fund balances, beginning of year	24,861	6,099	(18,762)
Fund balances, end of year	\$ -	\$ 2,068	\$ 2,068

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

CAPITAL IMPROVEMENT RESERVE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental grants	\$ -	\$ 216,007	\$ 216,007
Interest income	200	11,124	10,924
Total revenues	200	227,131	226,931
Expenditures:			
Capital outlay	635,000	1,025,629	(390,629)
Project reserve	11,673	-	11,673
Total expenditures	646,673	1,025,629	(378,956)
Deficit of revenues under expenditures	(646,473)	(798,498)	(152,025)
Other financing sources:			
Transfers in	625,000	793,361	168,361
Net change in fund balances	(21,473)	(5,137)	16,336
Fund balances, beginning of year	21,473	747,804	726,331
Fund balances, end of year	\$ -	\$ 742,667	\$ 742,667

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)

PARK IMPROVEMENT RESERVE FUND

Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental taxes	\$ 185,000	\$ 239,042	\$ 54,042
Park impact fees	320,000	257,528	(62,472)
Interest income	1,600	3,548	1,948
Other	-	235	235
Total revenues	506,600	500,353	(6,247)
Expenditures:			
Contractual	-	4,762	(4,762)
Project reserve	180,702	-	180,702
Capital outlay	580,000	611,847	(31,847)
Total expenditures	760,702	616,609	144,093
Excess (deficit) of revenues over (under) expenditures	(254,102)	(116,256)	137,846
Other financing uses:			
Transfers out	(200,000)	(353,500)	(153,500)
Net change in fund balances	(454,102)	(469,756)	(15,654)
Fund balances, beginning of year	454,102	535,770	81,668
Fund balances, end of year	\$ -	\$ 66,014	\$ 66,014

CITY OF GARDNER, KANSAS
STATEMENT OF CASH FLOWS
AIRPORT ASSOCIATION COMPONENT UNIT

Year Ended December 31, 2005

Cash flows from operating activities:	
Receipts from customers	\$ 263,445
Payments to suppliers	(206,620)
Payments to employees	(4,815)
	<hr/>
Net cash provided by operating activities	52,010
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(13,390)
Principal paid on loan to primary government	(22,718)
Interest paid on loan to primary government	(1,282)
	<hr/>
Net cash used in capital and related financing activities	(37,390)
	<hr/>
Cash flows from investing activities:	
Interest received	2,217
	<hr/>
Net increase in cash and cash equivalents	16,837
Cash and cash equivalents, beginning of year	85,158
	<hr/>
Cash and cash equivalents, end of year	\$ 101,995
	<hr/> <hr/>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (353)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Items not requiring cash:	
Depreciation expense	58,210
Changes in:	
Accounts receivable	(463)
Prepaid items	(897)
Inventories	(7,427)
Accounts payable	(765)
Deferred revenue	3,705
	<hr/>
Net cash provided by operating activities	\$ 52,010
	<hr/> <hr/>

CITY OF GARDNER, KANSAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2005

Alcohol Safety Action Program:

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Assets:				
Deposits and investments	\$ 20,275	\$ 9,238	\$ 7,800	\$ 21,713
Liabilities:				
Due to others	\$ 20,275	\$ 9,238	\$ 7,800	\$ 21,713